FLA Audit Profile	
Country	Vietnam
Factory name	1200844608
IEM	Global Standards
Date(s) in facility	October 18-19, 2006
PC(s)	Reebok International, Ltd.
Number of workers	985
Product(s)	Caps, Bags
Production processes	Cutting, Preparation, Sewing, Packing

			IEM Findings							Remediation				[Status]	Updates			[Status]	Updates			[Status]	Updates			[Status]	Updates			[Status]	Closure	Third-Party Verification		Company Non-Serious Follow up		
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources, Documentation Used For Corroborating	Notable Features	PC Internal Audit Findings (Optional)	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up July 15, 2007	Documentation	Completed, Pending, Ongoing	Company Follow Up May 15, 2008	Documentation	Documentation	Completed, Pending, Ongoing	Company Follow Up (November 25, 2008)	Documentation		Company Follow Up (August 15, 2009)	Documentation	Completed, Pending, Ongoing	Company Follow Up 2010)	(March 9,	Documentation	Completed, Pending, Ongoing	Company Follow Up (August 24, 2010)	Documentation	Completed, Pending, Ongoing	External Verification (Date)	Documentation	Company Follow Up (Cite Date of Planned or Follow up Visit, if Appropriate)	Documentation
1. Code Awareness																																		
Worker/management are aware/s of Code		FLA: Principle of Monitoring, Obligation of Companies: Ensure that all Company factories as well as contractors and vendors producing goods bearing the company's name or trademarks orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Workplace standards w/are not communicated to the w/orkforce, lack of w/orker aw areness.				Management interview, w/orker interview			1. Factory shall develop a more comprehensive training program that includes monthly trainings via loud speakers as w ell as quarterly trainings by line supervisors. 2. Annual training plan shall be submitted by January 31, 2007.	1/31/2007		Factory had received new Open Letter To Workers and Workplace Standards policy from adidas SBA. 1. No training has been conducted and communicated to w/orkers about these new policies.		Pending Deadline for completion: Sept 28-2007	1. Factory had already posted the Open Letter to Workers on the production floor and at prominent areas w here could provide w/orkers easy access to read. However, the new Code of Conduct (Code of CSR (Corporate Responsibility) teams have been recently replaced w ith the last month. As a result, factory should reset training plans for entire year. Training plans should include all training elements based on training needs assessment (w/orker communication, disciplinary policy, w/orker benefit, w/orking hours, HSE etc.). 2. All training must be recorded w ith signature of each w/orker and a system to evaluate effectiveness of training should be established.	Observation, Management Discussion	June 30-2008	Pending	1. OH Manager and HR Manager available at time of visit. 2. Training plan has been rescheduled for the months of Sept, Oct, Nov and Dec 2008. 3. Training records show that all workers have received 8 hours, OT policy and HSE have been provided to w/orkers from Oct 16-18, 2008 and Nov 4-5. How ever, factory put all topics in one training. PC has suggested factory to separate training, topical training is preferable. Training plan for 2009 is available but not based on a practical training needs assessment.	Training materials, training plan	Ongoing	Topical trainings have been conducted since early 2009. Accordingly, Factory regulation and policy, Occupational safety and health, Labor Code - Article No. 97 and fire safety trainings have been provided to 694 new ly hired w/orkers on Feb 4, Apr 20-22, Jun 12, 13 and 15, Jul 13 and 22, Aug 12,13, 14 and 17. Training records of these sessions are available, but still lack training evaluation forms and follow -up activities after each training is completed. SBA has suggested factory to keep on providing topical trainings to current w/orkers. There w as no training needs assessment used to develop training plan for 2009, as per previous suggestion.	Training records, training plan	Ongoing	Factory has already posted Open Letter to Workers on production floor and at prominent areas accessible to w/orkers; adidas Standards of Engagement; and Code of Conduct. Training plan throughout year of 2009. Training plan for 2010 indicated factory will continue providing topical trainings to current w/orkers on labor (company regulations and policies, CI PIN F and security) and HSE (safety products, MSDS, fire drills and fire fighting, canteen, first aid). Orientation training w as provided to 303 new w/orkers from Sept 2008 to March 9, 2010. Training needs assessment for 2010 training plan has been conducted however and follow -up activities have just been partially conducted and do not verify effectiveness of trainings. Factory has been suggested to conduct training evaluation forms in every training session. Additionally, training follow -ups should be carried out.	Training records, training plan 2010, Work plan Master 2010	Ongoing	From March to August 2010, factory has provided trainings of company regulations, labor code, fire drills, fire fighting, safety products, MSDS, fire drills, canteen, safety to around 1,400 w/orkers (old and new as w ell) conducted on April 2,9,16, 23, and June 3, 17,18, 24, 25. Training evaluation forms and follow -up activities after each training is completed. SBA has suggested factory to keep on providing topical trainings to current w/orkers.	Training records, training plan 2010	Completed				
2. Harassment or Abuse																																		
Every employee w ill be treated w ith respect and dignity. No employee w ill be subject to any physical, sexual, psychological or verbal harassment of abuse.																																		
Progressive Discipline	Chapter V# of Labor Code Decree 41/CP-1995 Decree 33/2003/ND-CP Circular 19/2003/TT-BLDTBXH	Employers w ill utilize progressive discipline, e.g., escalating discipline using steps such as verbal w arning, w ritten w arning, suspension, termination. Any exceptions to this rule, e.g., immediate termination for theft or assault, shall be in writing and clearly communicated to w/orkers.	Disciplinary practices do not follow local legal regulations w/orkers given w arning letters for behaviors not regulated in the labor regulations, some w/orkers dismissed w ithout proper process and documentation.				Record review, management interview, w/orker interview			1. Factory shall develop a clear discipline process/procedure that enables the participation of the w/orkers. 2. Any behavior not specified in the factory's rules should not be disciplined until the factory's rules are updated. 3. Factory shall conduct a training on disciplinary system for personnel staff and supervisors.	1/31/2007		1. A clear discipline process/procedure is included in the factory rules. The discipline procedure enables the participation of the union representatives. 2. Any behavior not specified in the factory's rules should not be disciplined until the factory's rules are updated. 3. No training on disciplinary system for personnel staff and supervisors is w as conducted.		Pending (3) Deadline for completion: Sept 28-2007	3. Disciplinary training has been conducted for 900 w/orkers and supervisors (total w/orkforce is 1700). How ever, training w as based on general disciplinary practices as applied to all w/orkers. Disciplinary policy as applied particularly for supervisors has not been developed. 4. Factory should establish training plan for rest of year to ensure all w/orkers and supervisors are trained on the policy.	Documentation, management discussion	Disciplinary policy for Supervisor: July 30-2008 - Training Plan for Supervisor/Leader in August 2008 - The rest of the other w/orkers w ill be finished in December 2008.	Pending	1. Combined training on general disciplinary practices has been provided to the remaining 800 w/orkers in Sept 2008. 2.The current general disciplinary practices regulated in Article 25 in the factory regulations still apply to all w/orkers, supervisors and line leaders. To ensure consistent disciplinary practices as w ell as the participation and above of w/orkers, it is suggested that factory management provide more behavioral trainings to management team (from line leaders upw ards).	Training records	Ongoing	2. Non-harassment and abuse policy has been mentioned and reminded of in the monthly meetings betw een Factory Top Mgmt and the management team (from Line Leader and above), but an official training has not been provided to w/orkers to ensure consistency in the implementation of the disciplinary practices and avoiding possible harassment and abuse cases. It has been suggested to factory management to provide trainings w hich focus more on management skills and highlight non-harassment and abuse policy to all mgmt team (from line leaders and above). Training records should be kept for next follow -up inference.	Monthly meeting minutes, training records	Ongoing	Review of the disciplinary process and factory regulation indicated they w ere in line w ith Vietnam Labor Law. Also, disciplinary records review from Sept 2009 to March 2010 reflected factory followed the law strictly to conduct disciplinary actions. Non-harassment and abuse policy has been provided to 55 line leaders/supervisors/managers on Sept 24, 2009. Training records on that day w ere available and reflected that non-harassment and abuse issues in daily w ork w ere highlighted. 6 line leaders selected from trainees by ID numbers: 3139, 0057, 2247, 1861, 4066, 4506, w ere interview ed and they are w ell aw are of the policy.	Disciplinary process, Factory regulation, Disciplinary records from Sept 2009 to March 2010, training records, training materials	Completed				
Disciplinary Action Punishment of Abusive Supervisors/Manager		Management w ill discipline (could include combinations of verbal and w ritten w arnings, suspensions or terminations (including demotions or follow w/orders) w /re employees in any physical, sexual, psychological or verbal harassment or abuse.		Factory policy does not clearly specify discipline measures for supervisors or for harassment and abuse behaviors.			Management interview, w/orker interview, record review			1. Factory shall develop a non-harassment policy that clearly specifies the disciplinary measures for the cases of harassment and abuse behaviors conducted by any w/orker (including supervisors and managers) in the factory. 2. Factory management to post new policies and to provide verbal training to all w/orkers, specifically supervisors and managers.	1/31/2007		1. Factory developed and posted its non-harassment policy that clearly specifies the disciplinary measures for the cases of harassment and abuse behaviors conducted by any w/orker (including supervisors and managers) in the factory. 2. No training documents available in factory files, but the non-harassment policy is seen laminated and posted on the bulletin boards.		1. Completed, 2. Pending	2. Training documentation could not be found as the former HR and Admin Manager left the factory in Aug 2008. This item could not be verified. Therefore, factory should re-administer the training w ith documentation in place for verification.	Management Discussion	Mid-August 2008	Pending	Reminder of non-harassment and abuse policy w as mentioned in monthly meeting betw een Factory Top Mgmt and the management team. How ever, training w as available at time of visit. PC has suggested factory management provide training on non-harassment and abuse policy and disciplinary practices to all supervisors/line leaders on a timely basis. Better job on training documentation is required. Master list of training should be developed to summarize how many trainings have been provided, as w ell as information on trainers, trainees, date/time and follow -ups after trainings.	Non-harassment and abuse policy, training records	Ongoing	As said above, non-harassment and abuse policy and disciplinary practices have been provided to 55 line leaders and provided to all supervisors/line leaders on a timely basis. Master list of training has been developed but just at the surface level, some necessary information such as: date, time, trainers are still missing.	Training plan, master list of training, training consolidation	Ongoing	Non-harassment and abuse policy w ith clear definition w as in place. Factory regulation indicated that disciplinary for harassment and abuse issues have been mentioned in factory regulation under disciplinary action chapter. As indicated above, non-harassment and abuse policy training w as provided to 55 line leaders, supervisors and managers on Sept 24, 2009, from 8:00-9:30am by [Employee name], the Training Officer. Training records (trainee list, signature, pictures, training tests and its completion) w ere available at time of visit. Interview s w ith 6 line leaders indicated clear understanding on how to indentify harassment and abuse and how the discipline measures w ill be taken accordingly.	Non-harassment policy, factory regulation, training records, training materials	Completed				
3. Health and Safety																																		
Employers w ill provide a safe and healthy w orking environment to prevent accidents and injury to health arising out of, linked w ith, or occurring in the course of w ork or as a result of the operation of employer facilities.																																		
Fire Safety Health and Safety legal compliance	**Labor Code - Article No. 97** **Decree No. 06/CP** dated 12/20/1995 giving detail instruction for the enforcement of relevant stipulation of the Labor Code on occupational safety and health. **Circular No. 13/BYT-TT** date 10/24/1996 giving instructions for the administration of occupational health, employee's health and occupational diseases.	Employer w ill comply w ith applicable health and safety laws and regulations. In any case w here laws and code of conduct are contradictory, the higher standards w ill apply. The factory w ill possess all legally required permits.	Factory has over 985 w/orkers, but does not have a doctor as required. Current pharmacist lacks sufficient qualifications and w orks only office hours w hile embroidery department w orks 3 shifts.				Management interview, visual inspection			Factory shall recruit or commission a doctor in hospital and arrange a nurse for each of the three w orking 3 shifts.	1/31/2007		Factory contracts w ith local hospital to assign one doctor to w ork part time 2 days/w eek. Factory has one nurse working full time at the factory, including OT (if any). Currently, total number of embroidery w orkers is 306 split into 3 shifts, about 100 w orkers each shift. Circular 14/BYT-TT dated 1998 stated any establishment w ith less than 300 w orkers should have one medical staff (if the establishment has more than 300 w orkers, according to the article 3, point (b) mentioned: if the factory does not have a medical specialist on site, then the factory could sign a contract w ith the nearest local clinic for assistance in necessary cases (applicable for less than 300 w orkers). PC urges Factory to train at least tw o first aid officers among w orkers of each shift (for rotation if one is on leave) to assist w orkers as w ell as train w orkers and shift duty security on how to communicate effectively w ith local clinic in case of emergency.	Management Interview	Ongoing	Factory has already recruited one doctor and tw o nurses w orking full time in the factory. Rotation betw een nurses during OT had been assigned. Factory has a first aid team consisting of 27 members w ho have been trained and certified by the local hospital.	Documentation, certification in place		Completed																								
Fire Safety Health and Safety legal compliance		Employer w ill comply w ith applicable health and safety laws and regulations. In any case w here laws and code of conduct are contradictory, the higher standards w ill apply. The factory w ill possess all legally required permits.	Environment test report from Dec 05 found 4 areas over 32°C limit, during the visit season. Monitors note that temperature in the embroidery section w as 34°C on the day of tow ing factory, w here temperature w as 35°C on day of audit. Management is aw are of issue and researching cooling systems, but has yet to find a solution.				Record review, management interview, visual inspection			Factory shall install a cooling system to decrease temperature in factory.	1/31/2007		1. Cooling system had been installed. General temperature meets standards set by regulation (32°C). 2. How ever, during the time PC audited the factory, temperature w as measured at 34°C. PC urges factory to continue to set up a temperature monitoring process to measure the daily temperature in the w orkplace and testing record should be kept in file for verification.	Physical inspection, photo	Pending (2)	Based on the environmental report conducted by the Health Protection and Environmental Department of the [Province name] Health Department on Sept 24, 2009, the factory's Noise Pollution How meets Vietnam's standard No: 1424/QD/BXF as temperature w as found to be less than 32°C. The plan for the next environmental test w ill be conducted in October 2009.	Documentation		Completed																								
Fire Safety Health and Safety legal compliance		Employer w ill comply w ith applicable health and safety laws and regulations. In any case w here laws and code of conduct are contradictory, the higher standards w ill apply. The factory w ill possess all legally required permits.	Environment test report found inadequate ventilation and elevated CO2 levels in embroidery section. Report recommended installing exhaust ventilation, but Factory has not yet taken action on this or other issues, incl. heat, light, ventilation.				Record review, management interview			Exhaust ventilation shall be installed in the embroidery section.	1/31/2007		Extraction System had been installed in the embroidery section.	Physical inspection, photo	Completed																		

			BM Findings							Remediation			[Status]	Updates			[Status]	Updates			[Status]	Updates			[Status]	Updates			[Source]	Third-Party Verification		Company Follow Up	
FLA Code/Compliance Issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Noncompliance**	**Risk of Noncompliance**	**Evidence of Noncompliance (Uncorroborated)**	**If Not Corroborated, Explain Why**	**Sources, Documentation Used To Corroborating**	**Notable Features**	**PC Internal Audit Findings (Optional)**	**PC Remediation Plan**	**Target Completion Date**	**Factory Response (Optional)**	**Company Follow Up July 15, 2007**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow Up May 15, 2008**	**Documentation**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow Up (November 25, 2008)**	**Documentation**	**Documentation**	**Company Follow Up (August 15, 2009)**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow Up 2010) (March 9,**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow Up (August 24, 2010)**	**Documentation**	**Completed, Pending, Ongoing**	**External Verification (Date)**	**Documentation**	**Company Follow Up (Dte Date of Planned or Follow-up Visit, if Appropriate)**	**Documentation**
Worker Participation	Joint Circular No.1/1999/TTL/TSY/ TL/DTEI/WH-TL(JLN)-No dated 31 Oct 1999	Workers should be involved in planning for safety, including through w-orker safety committees.					Management interview, record review			Factory shall establish its Safety Committee in compliance w-ith local code.	1/31/2007		HSE committee is not yet established; only 2 people are in charge of HSE for 1700 w-orkers. Factory's HSE program should be based on adidas HSE guidelines, Sustainable Compliance Guidelines, and Safety Officer Guidelines. The HSE program should be implemented through HSE committee, and an inspection system to monitor the HSE daily operation in the w-orkplace including training and checking safety, and reporting to adidas SBA about HSE monthly activities.	Interview safety officer	Pending Deadline for full implementation: Sept 28-2007.	1. HSE Committee has been established. HSE committee is composed of 15 members, how-ever, training documentation is not available in place. 2. Factory should establish the daily w-alkthrough system to be implemented by HSE committee members, and to be signed by 1 on-site production floor. Any identification of non-compliance issues must be fixed via action plan and deadline must be set.	Documentation, management Discussion		1. HSE Committee Organization Chart is on site. HSE training documents w-ere available at the time of visit. How-ever, training w-as too general. PC has suggested factory provide topical HSE training to all w-orkers such as: SOP, safety, fire prevention, PPE, chemical handling, ergonomics, etc. In addition, based on training conducted by HSE members, HSE checklists for inspectors w-ere available. How-ever, findings w-ere not shared among team; actions taken/follow -up activities should be properly follow-ed.	HSE Committee Org Chart, HSE Committee mutual training records, descriptions, daily HSE checklist and its records	9/30/2008	Pending	1. Typical HSE trainings have been developed but have just been provided to 953 new -w orkers hired in 2009. Accordingly, HSE topical training included emergency response, HSE committee's duties and obligations, PPE and SOP, MEDS, 6S and 7 Waste Policy, Logical Taqtool Policy, Fire fighting skills, C-TPAT policy, First Aid procedure. Factory management to provide trainings to w-orkers hired before 2009. 2. Monthly meetings w-ithers of HSE committee are held. However, findings from the daily walk-through have not been shared among HSE Team; corrective action plans w-ere carried through.	HSE Committee was available w-ith more than 10 members at current time, monthly meeting minutes of this committee and its follow -up w-ere in place. Factory provided orientation training for 100% of new -w orkers in year 2009. In year 2010, 1,200 new -w orkers received training on labor/company regulations for all employees (1450 -w orkers) on Dec 19, 2009. Training plan 2010 w-as available, w-hich continuously is focusing on labor trainings to current w-orkers on labor (company regulations and policies, C-TPAT and security) and HSE training (Safety products, MEDS, First aid and fire fighting, Canteen safety , First aid, etc.).	Training plan, training records, attendance lists, training materials, HSE checklist and its records	Ongoing	Factory HSE Committee w-as available w-ith more than 10 members at current time, monthly meeting minutes of this committee and its follow -up w-ere in place. Factory provided orientation training for 100% of new -w orkers hired in year 2009. In year 2010, 1,200 new -w orkers received training on labor/company regulations for all employees (1450 -w orkers) on Dec 19, 2009. Training plan 2010 w-as available, w-hich continuously is focusing on labor trainings to current w-orkers on labor (company regulations and policies, C-TPAT and security) and HSE training (Safety products, MEDS, First aid and fire fighting, Canteen safety , First aid, etc.).	HSE Committee monthly meeting minutes, yearly training plan in 2010, training records, attendance lists, training materials, training tests and its compilation)	Completed							
Other	Circular No. 37/2005/TT-BLDTBXH date December 29, 2005		HSE training is insufficient for proper safety, no detailed training materials available and insufficient time for safety training to comply w-ith legal regulations. No records kept for follow up-retraining.				Management interview, record review			1. Factory management must develop a HSE training program for all w-orkers in the factory. 2. Copy of training programs and trainings must be documented and maintained by factory management.	1/31/2007				Pending	HSE training has been conducted together w-ith factory policy w-ith the participation of 900 in 2006. Ongoing training will be conducted for the remaining 800 w-orkers until December 2006.	Documentation	12/30/2008	Ongoing	Factory still combines HSE training along w-ith the factory's general training programs which includes time keeping system, SOP, factory policies, manufacturing process, 6S and 7Hi. Topical trainings are required to ensure training effectiveness	Training records	Ongoing	Typical HSE trainings have been developed. Accordingly, factory focused on some topics such as: Air compressor, general safety, fire fighting skills, MEDS, Logical Taqtool Policy, C-TPAT policy, Personal Policy, Logical Taqtool Policy. How-ever, factory still needs to do a better job on training tracking system to ensure these topical trainings w-ill be fully implemented and w-ell recorded. As informed by Factory Top Mgmt, July to Sept w-ill be low season and factory w-ill focus more on trainings.	Training plan, training records, attendance lists, training quiz	Ongoing	Factory still combines HSE training along w-ith the factory's general training programs which includes time keeping system, SOP, factory policies, manufacturing process, 6S and 7Hi. Topical trainings are required to ensure training effectiveness	Training plan, training records, attendance lists, training tests	Ongoing	As mentioned in row 14, the tracking system on training has fully been put in place w-ith all training records and its follow -up w-ell recorded. Factory has since March 2010, Person responsible for tracking trainings left factory 3 months ago-w ithout proper handover. Factory to ensure availability of replacement staff and ensure effectiveness of tracking system. Starting from Mar 2010, months training reports w-ith detailed information of how many sessions, w-orkers, training feedback should be sent to adidas SBA for reference.	Training plan, training records, attendance lists, training tests	Ongoing	As mentioned in row 14, the tracking system on training has fully been put in place w-ith all training records and its follow -up w-ell recorded. Factory has since March 2010, Person responsible for tracking trainings left factory 3 months ago-w ithout proper handover. Factory to ensure availability of replacement staff and ensure effectiveness of tracking system. Starting from Mar 2010, months training reports w-ith detailed information of how many sessions, w-orkers, training feedback should be sent to adidas SBA for reference.	Training plan, training records, attendance lists, training tests	Completed							
Other			Machine maintenance crew has no permanent w-ork area, and w-as seen sow-ing and w-elding in the factory. Where-as by the entrance to factory w-ithout proper safety precautions.				Management interview, record review			1. Factory shall reserve separate place for machine maintenance crew as well as w-elding, electricity, etc. 2. Safety precautions must be posted and machine safety mus-t be provided for all w-orkers responsible for factor maintenance.	1/31/2007		1. No improvement in these practices, PC monitor found maintenance w-elding in the factory threw-ay w-ithout any w-arning sign or safety precaution.	Physical inspection	Pending Deadline for improvement: Sept-28-2007	The factory has reserved one area for the maintenance team and during this visit, no w-ork w-as found in the public corridor.	Observation		Completed																
1. Freedom of Association and Collective Bargaining																																		
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.																																		
Compliance to local collective bargaining law s	Chapter V of Labor Code, Decree No. 196/CP; Decree No. 93/2002/ND-CP	Employers will comply w-ith all national and local law s and regulations concerning collective bargaining and free association. Where conflicts are known to exist, employers will use the standard that provides the greatest protection for w-orkers.	Union is only temporary, w-ith no elections held contrary to local law and regulations.				Record review , management interview			Factory official union shall be formed and the chairperson shall be elected w-ith the observation of the Union officers.	1/31/2007		Factory union has been formed and recognized on Jan 26, 2007, and the chairperson w-as elected w-ith the observation of the Union officers.	Union election records on factory files.	Completed																				
Compliance to local collective bargaining law s	Chapter V of Labor Code, Decree No. 196/CP; Decree No. 93/2002/ND-CP	Employers will comply w-ith all national and local law s and regulations concerning collective bargaining and free association. Where conflicts are known to exist, employers will use the standard that provides the greatest protection for w-orkers.	CBA w-as signed in 2005, but w-as not discussed w-ith w-orkers, and Union members are not aw-are of its contents or existence.				Record review , Management interview, w-orker interview			1. Revised CBA shall be review-ed, 2. Draft CBA shall be communicated to all w-orkers. 3. Once CBA is signed and completed, it must be posted in an accessible area to w-orkers for them to review.	1/31/2007		1. Revised CBA w-as review-ed, signed and recognized by authority on January 30, 2007. 2. Draft CBA w-as posted for w-orkers' comments before submitting to the union authority for recognition. 3. CBA is reported, posted on bulletin boards for w-orkers to review , but w-as removed. Factory shall repost the CBA.	Documentation	CBA on factory file	1. Completed; 2-3. Pending	2-3. CBA had been approved in January 30, 2007 and posted on the bulletting Board and 900 w-orkers had been trained in 1700. Ongoing training is conducted until Dec 2008.	Documentation		Completed																
2. Wages and Benefits																																		
Employers recognize that w-ages are essential to meeting employees' basic needs. Employers w-ill pay employees, as a base, at least the minimum w-age required by local law or the prevailing industry w-age, w-hichever is higher, and w-ill provide legally mandated benefits.																																		
Wage Benefits/ Ava areness	**Article 57 of the Labor Code, Decree 114/2002/ND-CP** and **Circular Nr. 14/2005/TT-BLDTBXH** ; Employers shall have to formulate their ow n w-age scales and payrolls, technical criteria and grades of w-orkers, titles and professional qualifications of employees, for use as a basis for signing labor contracts and collective labor agreements , determining the w-age funds, paying w-ages and setting other regimes for laborers .	Employers will communicate orally and in w-riting to all employees in the language of the w-orker the w-ages, incentive systems, benefits and bonuses to w-hich all w-orkers are entitled in that company and under the applicable law .	Factory has not set up and registered an official w-age scale as required by local law . Informal/internal draft of salary scale exists, but has not been officially registered w-ith government as required and reviewed by local authorities after the strike last May.				Record review , management interview			Factory shall develop a w-age scale and submit to the Labor Office.	3/15/2007		Factory developed its w-age scale and reportedly submitted to the Labor Office for approval, but no approval document is available, as the former HR recently resigned. Factory shall submit a copy of the approval later.	Wage scale	Pending	Salary Scale has been approved by the local labor bureau based on the Notification Number 3486/LD-TBXH-CSLD dated March 21, 2008.	Documentation		Completed																
Time-recording system		Time w-orked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic sw-ipe cards.	Due to unreliable time records, monitors cannot verify the accuracy of OT hours w-orked and paid. Time sw-ipe systems re not used consistently and reliably to record hours w-orked.				Record review , w-orker interview			1. Factory shall enforce use of electronic sw-ipe system to produce electronic reports that must include the daily time in and time out of every individual. 2. Manual recording should be used as backup system. 3. Factory shall ensure that all sw-ipe cards in factory shall be posted on bulletin boards and close to sw-iping machines. 4. HR Department shall be accountable for maintaining accurate time records.	1/31/2007		1. Factory enforces the use of electronic sw-ipe system to produce electronic reports that include the daily time in and time out of every individual. How-ever, many errors w-ere reported, including exit records. Factory shall investigate the causes of the problems, so as to have proper solutions.	Individual w-orking hours reports	1-4. Pending	1. A new electronic sw-ipe system had been installed, all times since w-ere recorded accordingly. The system is still under guarantee term and checking by the service provider is still ongoing. How-ever, reports from the system had not been reviewed and used. As found in April's HUb inspection that the sw-ipe system w-orkers had to w-ork up to 60hrs/wk(!). 2. Factory should set up a disciplinary policy applied to any managers or supervisors w-ho override the OT limits. Commitment from top management about OT should be set and training to all w-orkers and supervisors, w-ith more passion on production floor, should be provided. 3. Factory must send monthly OT report to adidas SBA for monitoring. 4. Any Sunday w-ork must be applied w-ith adidas through adidas Working Hours Guided lines.	Documentation	9/30/2008 OT From June 1st 2008	Pending	1. 3 w-orkers' randomly selected hours of w-ork and pay slip records from last 3 months reflected current time keeping system is reliable and functioning correctly. All w-orking hours are properly recorded. How-ever, current time keeping system still needs to be improved to prevent human intervention. 2. Factory has not set up a disciplinary policy applied to any managers or supervisors w-ho override the OT limits. Commitment from top management about OT should be set and training to all w-orkers and supervisors, w-ith more passion on production floor, should be provided. 3. Factory must send monthly OT report to adidas SBA for monitoring. 4. Any Sunday w-ork must be applied w-ith adidas through adidas Working Hours Guided lines.	Time in/out records, monthly OT tracking records, payslips of several selected w-orkers, monthly payroll	Ongoing	1. The current time keeping system has been properly linked to payroll. Random time w-itne ss-d check on 3 w-orkers reflected accurate time recording and payment. 2. Factory has not set up a disciplinary policy applied to any managers or supervisors. Factory needs to improve and be more proactive in communication w-ith adidas SBA. 4. As informed by Factory, there w-ere 2 Sundays w-orked in 2008: Jan 16, compensation for Jan 24, and Jul 26, compensation for Jul 1. It is suggested factory communicate w-ith adidas SBA before Sunday w-ork and ask for permission before granting Sunday w-ork to w-orkers. This is pending from the last follow -up	Time in/time out records of randomly checked w-orkers, OT tracking report, payslips from Jan to Aug 2009	Ongoing	The current time keeping system is functioning w-ell w-ith accurate recording time in and time out and is automatically linked to the payroll. 2-3. The monthly OT reports have not been sent to adidas, as mentioned in the previous visit. Factory needs to be aw-are to adidas SBA as per requirements. Factory needs to improve and be more proactive in communication w-ith adidas SBA. 4. As informed by Factory, there w-ere 2 Sundays w-orked in 2008: Jan 16, compensation for Jan 24, and Jul 26, compensation for Jul 1. It is suggested factory communicate w-ith adidas SBA before Sunday w-ork and ask for permission before granting Sunday w-ork to w-orkers. This is pending from the last follow -up	Time in/time out records of randomly checked w-orkers, OT tracking report, payrolls from Sept 2008 to Aug 2010	Ongoing	The current time keeping system is functioning effectively w-ith accurate time recording and linked to monthly payroll. 2-3. The monthly OT reports have been sent subsequently to adidas SBA Team. Review of payrolls since Mar to Aug and time in/time out of 5 randomly selected w-orkers indicated that the OT is under control, there w-as neither OT excessive nor Sunday w-ork noted.	Time in/time out records of randomly checked w-orkers, OT tracking report, payrolls from Sept 2009 to Aug 2010	Completed							
False Payroll Records		Employers will not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly w-ages or for any other fraudulent reason.	Factory w-orked on Sunday January 22 and July 23 (confirmed by 4pl and records) but no hours recorded on time cards and w-ages w-ere paid off books in cash. In some cases w-orkers also w-orked extra OT (more than 2 hours per day) w-hich is recorded separately off the clock and paid in cash.				record review management interview w-orker interview			1. Factory shall document all w-orking hours w-orked in one w-orking hours records. Working hour records should reflect all hours w-orked by w-orkers, including OT. 2. Multiple payroll records to hide overtime	1/31/2007		1. Factory documents all w-orking hours w-orked in one w-orking hours records, w-hich reflect all hours w-orked by w-orkers, including OT. Workers inspected w-orking hours records and found OT hours on rest days w-ere documented in one record. Worker interview s confirm this practice. 2. Factory management asked human resources staff to stop maintaining double records. In practice, monitors review-ed w-orking hours records of Jan-May 2007, interview-ed w-orkers, and found no more double records. The w-orking hours records w-ere maintained consistently and reliably from Jan to Jun. Jan, April, May 2007 and overtime hours on rest days in Feb and Mar 2007. How-ever, factory has no evidence of discipline measures against practice of double payroll records to hide overtime hours.	Working hours records	Pending (2)	No double bookkeeping found during audit as hours of w-ork system ideally recorded all hours of w-ork, including excessive OT, w-hich is also shown on the payslip provided for w-orkers monthly.	Documentation		Completed																
3. Hours of Work																																		
The workw-eek, ordinary business circumstances, employees w-ill (i) not be required to w-ork more than the lesser of (a) 48 hours per w-eek and 12 hours overtime or (b) the limits on regular and overtime hours allow ed by the law of the country of manufacture or, w-here the law s of such country w-ill not limit the hours of w-ork, the regular w-ork w-eek is each country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period																																		
Overtime Limitations	Article 72 of the Labor Code In every w-eek, each employee shall be entitled to a break of at least one day (w-enty four consecutive hours). Circular No. 14/2003/TT-BLDTBXH In special cases w-here, due to the production cycle, it is impossible to arrange a w-eekly rest, it must be ensured that laborers shall have at least 4 rest days in a month. Article 68, 69 of the Labor Code Circular No. 15/2003/TT-BLDTBXH dated 06/03/2003 The overtime must not exceed 4 hours a day, 16 hours a w-eek, 14 hours in 4 consecutive days and 300 hours a year.	Except in extraordinary business circumstances, employees w-ill (i) not be required to w-ork more than the lesser of (a) 48 hours per w-eek and 12 hours overtime or (b) the limits on regular and overtime hours allow ed by the law of the country of manufacture or, w-here the law s of such country w-ill not limit the hours of w-ork, the regular w-ork w-eek is each country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra w-ork that could not have been anticipated or alleviated by other reasonable efforts.	27 of 736 cases w-orked overtime from 60-96 hours during the month of July.				Record review , w-orker interview			1. Factory management must develop a procedure to monitor w-orking hours so that it involves other departments such as production in order to ensure that w-orkers do not surpass 60 hours a w-eek. 2. Factory management shall commit to enforce its overtime policy and procedure, in w-hich overtime schedules are planned on a w-eekly and monthly basis in order to have a better tracking system and better control of the hours of w-ork.	1/31/2007		1. Factory management has no procedure to monitor w-orking hours to ensure that w-orkers do not surpass the 60 hours a w-eek. About 50-65 w-orkers (5-6% of w-orkforce) w-orked from 60-96 hours in a w-eek during months of Jan, April, May 2007. In Jan 2007, some cases w-orked from 75-713 hrs in one w-eek. 2. Factory management has no commitment to enforce its overtime policy. Factory has not set up a system to have overtime planned on a w-eekly and monthly basis in order to have a better tracking system and better control of the hours of w-ork.	Working hours records	Pending	Per hours of w-ork records, factory continues to surpass legal OT limits. Factory should commit and demonstrate commitment to reduce excessive OT. - OT request/approval process w-as in place. How-ever, to ensure sustainable improvement, factory should provide training on OT approval process to all management level (from Line Leader upw-ards). Monthly OT report also needs to be sent to adidas for reference.		June/1/2008	Pending	Recently checked time in/out of several cutting and sew-ing w-orkers and monthly OT tracking report review reflected no excessive OT. - OT request/approval process w-as in place. How-ever, to ensure sustainable improvement, factory should provide training on OT approval process to all management level (from Line Leader upw-ards). Monthly OT report also needs to be sent to adidas for reference.	Time in/out records, monthly OT tracking records, payslips of several selected w-orkers, monthly payroll	Ongoing	OT approval process is available, how-ever, no training on this process had been conducted yet. Factory has been asked to provide this training to all w-orkers and all management levels (from Line Leader upw-ards). Training evaluation and follow -up also needed to be conducted to ensure training effectiveness. Training records should be maintained and available for next follow -up audit.	OT approval process, training tests	Ongoing	OT policy a-nd in place, w-orking hours records review-ed from Sept 2009 to Mar 10 indicated no excessive OT. Trainings on OT approval process have been provided on Aug 24 and 26, Sep 3, 14, 15, 21, 23 and 28 to around 1612 w-orkers and 56 management levels (from Line Leader and upw-ards). Training evaluation has been conducted and reflected that understanding among w-orkers. Training records should be maintained and available. Interview- w-ith 6 ra ndomly w-orkers indicated clear understanding on OT approval process and in proper OT implementation from the factory.	OT approval process, training records of attendance list, training evaluation, tests after training	Completed							
Overtime Limitations	Article 72 of the Labor Code In every w-eek, each employee shall be entitled to a break of at least one day (w-enty four consecutive hours). Circular No. 14/2003/TT-BLDTBXH In special cases w-here, due to the production cycle, it is impossible to arrange a w-eekly rest, it must be ensured that laborers shall have at least 4 rest days in a month. Article 68, 69 of the Labor Code Circular No. 15/2003/TT-BLDTBXH dated 06/03/2003 The overtime must not exceed 4 hours a day, 16 hours a w-eek, 14 hours in 4 consecutive days and 300 hours a year.	Except in extraordinary business circumstances, employees w-ill (i) not be required to w-ork more than the lesser of (a) 48 hours per w-eek and 12 hours overtime or (b) the limits on regular and overtime hours allow ed by the law of the country of manufacture or, w-here the law s of such country w-ill not limit the hours of w-ork, the regular w-ork w-eek is each country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra w-ork that could not have been anticipated or alleviated by other reasonable efforts.	657 review ed cases had w-orked in excess of 300 hours (306.5-339 hours) from January to August 2006.				Record review , w-orker interview			1. Factory shall track individual's cumulative overtime hours on pay slips, but discontinued the practice as of May 2007.	1/31/2007		1. Factory tracked an individual's cumulative overtime hours on pay slips, but discontinued the practice as of May 2007.	Pay slips	Pending	Pay slips have been issued to all w-orkers monthly w-hich clearly state the OT hours on one's w-, s, NOs of the pay slips.	Documentation		Completed																
Overtime Limitations	Article 72 of the Labor Code In every w-eek, each employee shall be entitled to a break of at least one day (w-enty four consecutive hours). Circular No. 14/2003/TT-BLDTBXH In special cases w-here, due to the production cycle, it is impossible to arrange a w-eekly rest, it must be ensured that laborers shall have at least 4 rest days in a month. Article 68, 69 of the Labor Code Circular No. 15/2003/TT-BLDTBXH dated 06/03/2003 The overtime must not exceed 4 hours a day, 16 hours a w-eek, 14 hours in 4 consecutive days and 300 hours a year.	Except in extraordinary business circumstances, employees w-ill (i) not be required to w-ork more than the lesser of (a) 48 hours per w-eek and 12 hours overtime or (b) the limits on regular and overtime hours allow ed by the law of the country of manufacture or, w-here the law s of such country w-ill not limit the hours of w-ork, the regular w-ork w-eek is each country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra w-ork that could not have been anticipated or alleviated by other reasonable efforts.	In 5/13 review ed cases, embroidery w-orkers w-orked overtime 4.5 hours one day in July 2006.				Record review , w-orker interview			1. Factory management shall commit to enforce its overtime policy that daily overtime shall not exceed 4 hours, except in extraordinary business circumstances. 2. Management shall w-ork on the help of supervisors, should keep track of daily-weekly OT to ensure that w-orkers do not surpass the legal limits of OT.	Working hours records	Pending	1. No evidence that factory management is enforcing its overtime policy that daily overtime shall not exceed 4 hours, except in extraordinary business circumstances. 2. In March 2007, some w-orkers still worked overtime 4.5 hours one day in February and one day in May 2007.	Documentation	June 30 2008	Pending	1. Documentation review- from June to Oct 2008 reflected no excessive OT. OT w-as under control and monitoring. 2. Factory requires all OT requests to be approved by top management, amendment of OT policy should be revised. 3. Any violation of OT policy must be disciplined based on the revised disciplinary policy. 4. Conduct the training for all w-orkforce, including supervisors, w-ith records in place for verification.	Monthly OT tracking records, OT request forms, OT registration form	Ongoing	Documentation review and on-site w-orkers interview reflected there w-as no excessive OT from last Dec 2008 to Aug 2009. OT and w-orking hours w-ere under control. OT policy has been provided not only to 953 new -employed w-orkers on Feb 4, Apr 20 to 22, Jun 12, 13 and 15, but also to rest of w-orkforce. Training evaluation has been conducted and w-orker interview indicated clear understanding of OT policy as w-ell as adidas Work Hours Standards.	Monthly OT tracking report, OT registration form	Completed							
Overtime Limitations	Article 72 of the Labor Code In every w-eek, each employee shall be entitled to a break of at least one day (w-enty four consecutive hours). Circular No. 14/2003/TT-BLDTBXH In special cases w-here, due to the production cycle, it is impossible to arrange a w-eekly rest, it must be ensured that laborers shall have at least 4 rest days in a month. Article 68, 69 of the Labor Code Circular No. 15/2003/TT-BLDTBXH dated 06/03/2003 The overtime must not exceed 4 hours a day, 16 hours a w-eek, 14 hours in 4 consecutive days and 300 hours a year.	Except in extraordinary business circumstances, employees w-ill (i) not be required to w-ork more than the lesser of (a) 48 hours per w-eek and 12 hours overtime or (b) the limits on regular and overtime hours allow ed by the law of the country of manufacture or, w-here the law s of such country w-ill not limit the hours of w-ork, the regular w-ork w-eek is each country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra w-ork that could not have been anticipated or alleviated by other reasonable efforts.	Entire factory w-orked on January 22nd, 2006, 113 days (consecutive), 299 w-orkers w-orked on July 23rd, 2006, (13 consecutive days). Workers w-ere paid 250% for Sunday w-ork w-ith no compensating day off.				Record review , w-orker interview , management interview			1. Factory management must commit to enforce its policy of one day off in every seven days. 2. Management shall w-ork on the help of supervisors, should keep track of daily-weekly OT to ensure that w-orkers do not surpass the legal limits of OT.		Pending	1. Factory management has no evidence to enforce its policy of one day off in every seven days. 2. In 5/13 review ed cases, embroidery w-orkers had worked on one Sunday in January 2007 and had a compensated day off (on the occasion of Lunar New Year). 2. No compensated day off w-as provided.	Documentation		Completed																
Legal compliance w-ith protected w-orkers	Article 115 of Labor Code 1. An employer must not allow a female employee w-ho is seven months or more pregnant or currently raising a child under tw-elve (12) months of age to w-ork overtime or at night or to go on business trips far from home. 2. A female employee w-ho is employed in heavy w-ork and is in her seventh month of pregnancy shall be either transferred to lighter duties or entitled to w-ork one hour less every day and still receive the same w-age.	The factory w-ill comply w-ith all applicable law s governing w-om hours, including those regulating or limiting the nature and volume of w-ork performed by w-omen or w-orkers under the age of 18 .	Some nursing w-orkers w-ork normal time (8 hours) and overtime contrary to local law .				Record review , w-orker interview			1. Factory shall enforce its policy for pregnant and nursing w-orkers by developing a system for tracking pregnant/nursing w-orkers hours of w-ork, and ensuring that they are not w-orking overtime. The system shall be reviewed by factory management on a monthly basis. 2. Supervisors/leaders shall be informed not to pressure those employees as per law . 3. Security guard interview s demonstrated that the hours of w-ork records of pregnant w-orkers, and overtime shall not be assigned to those employees as per law . 3. Training shall be provided for supervisors and w-orkers.	1/31/2007		1. Worker interviews and time records demonstrate factory enforces its policy for pregnant and nursing w-orkers by granting an early out pass card and having a list to track pregnant/nursing w-orkers hours of w-ork to ensure that they are not w-orking overtime. The system is reviewed on a monthly basis by factory management. 2. Supervisors/leaders are informed not to pressure those employees as per law . 3. Security guard interview s demonstrated that the hours of w-ork records of pregnant w-orkers, and overtime shall not be assigned to those employees as per law . 3. Training shall be provided for supervisors and w-orkers.	List of pregnant w-orkers and their time records	Pending (3)	No indication of a pregnant w-orker w-orking OT. Of policy concerning pregnant w-orkers had been posted and training given.	Documentation		Completed																
Voluntary OT		Overtime hours w-orked in excess of code standard w-ill be voluntary		There is no evidence that the overtime hours w-orked in excess of code standards are voluntary.			Record review			1. Voluntary overtime policy shall be posted and training shall be provided continuously for existing employees and during orientation program for new -w orkers (record to be maintained in place for checking). 2. All managers and supervisors must also be vertially trained on voluntary OT policy. 3. Human Resources must conduct internal audits that ensure that production department or others do not force w-orkers to w-ork OT.	1/31/2007		1. No evidence of training on voluntary overtime policy continuously for w-orking employees. 2. Interview s demonstrated that managers and supervisors w-ere vertially trained on voluntary OT policy. 3. Human Resources did not conduct internal audits that ensure production department or others do not force w-orkers to w-ork OT.	Overtime forms	Pending	OT training and OT policy has been conducted and posted on the bulletin board. Training is ongoing until the end of the year and also for new -w orkers. How-ever, factory should reinforce the training regarding revised disciplinary policy w-ith respect to involuntary OT.	Documentation	June 30 2008	Ongoing	As stated in above remediation plans, disciplinary practice is one of the topics discussed during general training package, training documentation w-as in place. OT policy, w-orking hours policy trainings should be provided separately to ensure training effectiveness.	Monthly OT tracking records, OT request forms, OT registration form	Ongoing	OT Policy and w-orking hours policy trainings have been requested, provided to all w-orkers. Tests after training have been conducted and reflected ful understanding among w-orkers. Disciplinary practice topic has not been put into training content. Factory training plan and follow -up.	Training plan, training test	Ongoing	OT Policy a-nd in place, w-hich highlights voluntarily nature of all OT practices and confirmed voluntary nature of OT implementation. Topic of disciplinary practice for w-orkers (covered for both new ly hired and existing w-orkers) has been included in the yearly training plan, to enhance friendly and cooperative w-orking environment, factory has contracted w-ith third-party training center [Center name] to provide management behavior to mid-level management and above. Trainings on disciplinary practice have been provided on Aug 12, 18 and 24 to 1536 (old and new w-orkers) and on Sept 13 and Dec 24 to 53 management. Training evaluation has been conducted and reflected 5000 to nearly 60 management level employees. All training records (training attendance list, test, training evaluation form and its compilation, etc.) w-ere available. Interview s w-ith 5 w-orkers randomly picked up from production lines indicated clear understanding on company disciplinary practices and processes.	OT records, OT voluntary forms, disciplinary records, reports, signed OT-voluntary forms, yearly training plan, training test, attendance lists	Completed							
4. Overtime Compensation																																		
In addition to their compensation for regular hours of w-ork, employees w-ill be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries w-here such law s w-ill not exist, at a rate at least equal to their regular hourly compensation rate.																																		
Accurate recording of OT hours w-orked		Employees w-ill be paid for all hours w-orked in a w-orkw-eek. Calculation of hours w-orked must include all time that the employer allow s or requires the w-orker to w-ork.	Sunday w-ork, excess overtime, early overtime (i.e., before official hours), overtime during lunch breaks are not recorded on time cards, but are recorded on the sw-ipe card systems not linked automatically to the payroll system, but is entered manually on the computer. Monitors cannot verify accuracy of OT hours w-orked and paid.				Record review , w-orker interview , management interview			1. Factory to enforce use of electronic system to produce electronic reports that must include all hours of w-ork, including all OT completed 2. Manual recording should be used as backup system in case electronic system does not w-ork, and each case w-ill require signature of human resources manager. 3. Workers shall be trained on sw-iping cards. 4. Sw-ipe card instruction to be posted on bulletin boards and close to sw-iping machines. HR Department shall be accountable for maintaining accurate time records. 5. Factory management must ensure that w-orkers are provided w-ith a lunchtime w-ithin the limits of the local law . 6. Workers must be compensated in accordance of the law for all OT completed.	1/31/2007		1. Factory enforces use of electronic sw-ipe system to produce electronic reports that include daily time in and time out of every individual. How-ever, many errors w-ere reported, mainly times not missing. Factory shall investigate causes of the problems so as to have proper solutions.	Individual w-orking hours reports	1-6. Pending	No error had been found as mentioned in row 47.			Completed																